



# Montgomery County Council

*From the office of Councilmember Michael Subin*

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**News Release**

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## **Subin: Proposed Cable Modem Regulations Anti-Consumer**

"With a straw vote of 6 to 3 in favor, the Montgomery County Council came one step closer to enacting legislation regulating the cable modem industry. These regulations are purported to protect consumers, unfortunately I believe they will accomplish the exact opposite of their intended purpose.

"In 1997, I sponsored legislation that was unanimously passed by the council to encourage more competition in the cable television industry. I have always believed that competition is the best way to protect consumers. Competition breeds higher standards, better customer service, and lower prices. That is exactly why I can not support these regulations.

"When the FCC classified cable modem service as an information service, they effectively closed one avenue that would lead to competition in the industry. Being classified as an information service means that Comcast, in the case of Montgomery County, is not forced to share its infrastructure with companies who offer fair market bids to share space on their already existing network. This is different from telephone companies such as Verizon Communications and BellSouth who were forced to share their telephone networks with competitors. This is not to mention the on going debate between Congress and the FCC about who should have jurisdiction over regulating this industry.

“Attempting to enact the first regulations of their kind, Montgomery County could give any possible competitors in the cable modem industry a great disincentive to expand. It is unlikely that businesses would choose to move into a community in which they are highly regulated, when anywhere else in the entire country it would be easier for them to grow and prosper.

“The regulations would impose standards on customer service quality, and not on issues of speed or reliability. This would shift the focus of the cable modem company from upgrading system quality to regulatory compliance. Thus, to maintain the appearance of ‘good service’, the cable company may rationally choose a ‘low-risk’ service strategy that minimizes customer complaints. While such a low risk approach may work in industries such as sewage and water services, it implies an enormous loss of potential consumer gain in a high-tech industry where ongoing technical changes promise a steady stream of improved information services for customers.

“Furthermore, the bureaucratic regulatory process could never keep pace with the technology industry. These regulations, if passed, would assure that Montgomery County citizens would be trapped with yesterday’s standards and yesterday’s technology.

“The proposed regulations include punitive damages for not meeting standards. However, in an uncompetitive market, any such damages would just be passed directly onto consumers. Also, these regulations only apply to cable modem services and not to similar services that allow people access to the internet, such as digital subscriber lines (DSL), dial-up, and power line high speed access. This would place cable modem service providers at a great competitive disadvantage.

“The passing of these regulations would almost certainly assure Montgomery County citizens of a market with virtually no competition, guaranteeing consumers high prices and no choices. That is an interesting way to protect your constituents.”

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